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ABSTRACT

This document continues a series of statistical reports from the National Center for Children in Poverty about young child poverty in the United States. The highlights of this update include the current profile of extremely poor, poor, and near poor population of young children; an examination of the changing association between higher education among parents and the economic well-being of young children; and an analysis of the impact of the Earned Income Tax Credit on young child poverty. Among the findings noted in the report are the following: (1) the poverty rate for young children and the number of poor young children have declined significantly since 1993, yet remain well above levels seen in earlier decades; (2) almost half of young poor children live in extreme poverty; (3) poverty continues to occur disproportionately among black and Hispanic young children; (4) racial differences in young child poverty rates have narrowed; (5) whites remain the largest racial or ethnic group of young children in poverty; (6) poverty rates are highest in urban areas, but 60 percent of the poor young children live in suburban or rural areas; (7) the young child poverty rate has risen fastest in suburban areas; (8) the risk of experiencing poverty is related to living in a single parent family, low parental educational attainment, and part-time or lack of parental employment; and (9) in 1997, the young child poverty estimate would have been 24 percent higher in the absence of the earned income tax credit. (KB

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# YOUNG CHILDREN IN POVERTY

National Center for Children in Poverty
Mailman School of Public Health at Columbia University

This publication continues the series of reports and statistical updates from the National Center for Children in Poverty (NCCP) about young child poverty in the United States. It incorporates the most recent data from the Census Bureau's Current Population Survey (CPS)—conducted in March 1998—which provides poverty estimates for 1997.* The highlights of this update include:

- a current profile of the extremely poor, poor, and near poor population of young children in the United States using the federal government's official poverty measure;
- a brief look at the changing association between higher education among parents and the economic well-being of young children; and
- an analysis of the impact of the Earned Income Tax Credit on young child poverty.

**In the context of a robust U.S. economy, the young child poverty rate has declined steadily since 1993. However, some groups continue to do substantially worse than others. Children of parents with college degrees have done consistently well over the past 20 years, despite the large increases in poverty among children of less-educated parents.**

* The official federal poverty line adjusts for annual cost-of-living increases and family size. In 1997, the poverty threshold was $10,473 for a family of two, $12,802 for a family of three, and $16,400 for a family of four. Unless otherwise noted, family income used for the calculation of poverty statistics is pre-tax income. It excludes non-cash public assistance and the Earned Income Tax Credit.

## Poor Children Under Age Six: How Many Are There, Who Are They, and Where Do They Live?

### The poverty rate for young children and the number of poor young children have declined significantly since 1993, yet remain well above the levels seen in earlier decades.

After a fairly steady 15-year increase in the number of young children in poverty from 3.2 million in 1978 to 6.4 million in 1993, that number has decreased by 18 percent—to 5.2 million in 1997. (See Figure 1.) The young child poverty rate (YCPR) —defined as the percentage of children under age six who live in families with a combined income below the federal poverty line—declined to 22.0 percent in [redacted] from 23.2 percent last year and from a high of 26.2 percent in 1993. T[redacted]cent decrease came after a 52 percent increase in the YCPR between 1978 and 1993. The poverty rate for young children remains far higher than that for any other age group. It continues to exceed the rate for older children, ages 6 through 17, and is more than double the rate for adults, ages 18 through 64, and the elderly, ages 65 and above. (See Figure 2.)

**Figure 1: Number of poor children under age six, 1975–1997**

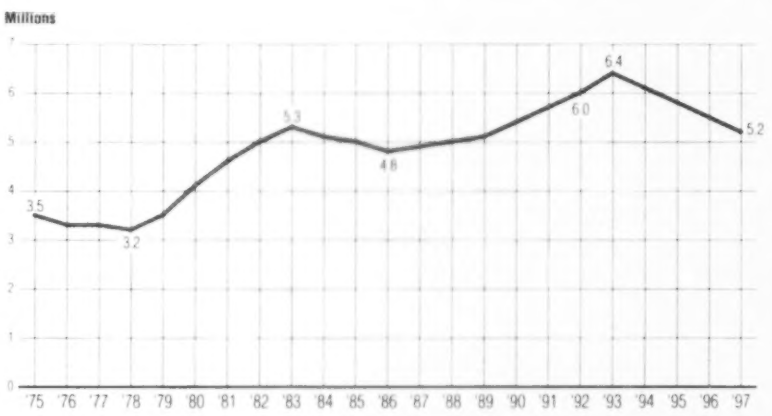


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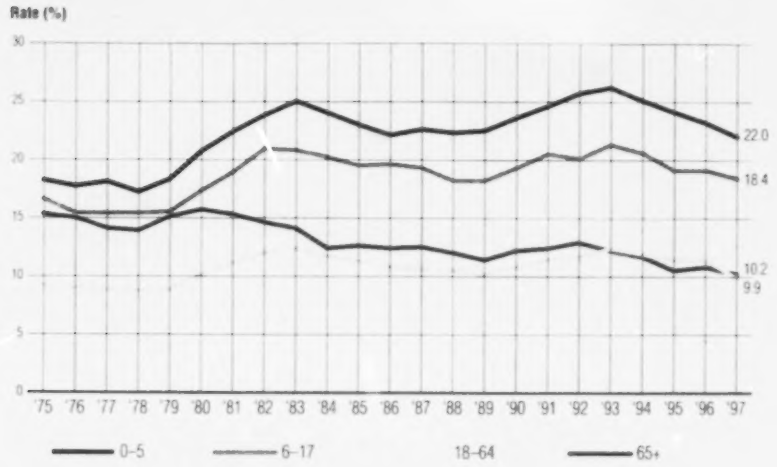
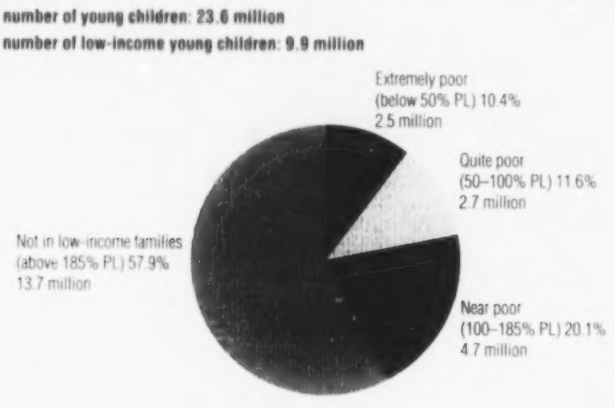
**Figure 2: Poverty rates by age, 1975–1997**




**Nearly 10 million young children live in low-income families.**

In 1997, 42 percent of all children under age six were living in poverty or near poverty (i.e., in families with income below 185 percent of the poverty line*). In addition to the 5.2 million young children living in poverty that year, another 4.7 million young children lived in near poverty, with a combined family income between 100 percent and 185 percent of the poverty line. (See Figure 3.)

**Figure 3: Percentage distribution and number of children under age six by poverty status, 1997**




**Despite a strong economy, almost half of young poor children live in extreme poverty.**

Approximately one in ten young children were extremely poor—10.4 percent in 1997—in families with a combined family income below 50 percent of the poverty line. Of the 5.2 million young children living in poverty in 1997, just under half (47 percent) lived in extreme poverty. (See Figure 3.) This measure of the depth of poverty—the proportion of poor children who are extremely poor—did not improve since the previous year, although the number of extremely poor children declined from 2.6 million to 2.5 million.

* Children in families with incomes between 100 and 185 percent of the Federal poverty line are designated near poor because they are served by a number of government assistance programs for low-income people—such as Medicaid, the School Lunch and School Breakfast programs, and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)—that use 185 percent of the poverty line as the upper limit to determine eligibility.



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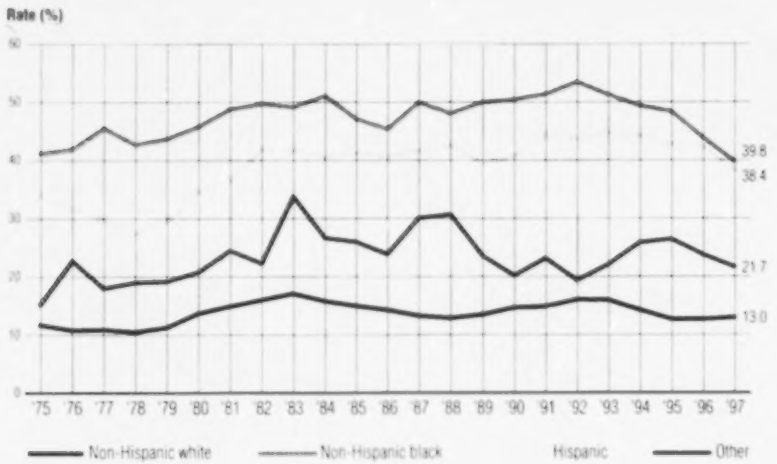
**Poverty continues to occur disproportionately among black and Hispanic young children.**

Poverty rates vary substantially among different racial or ethnic groups. In 1997, the YCPR among blacks and Hispanics, at 40 and 38 percent respectively, was approximately three times as high as for whites at 13 percent. (See Figure 4.)

**Figure 4: Poverty rates of children under age six by race/ethnicity, 1975–1997**



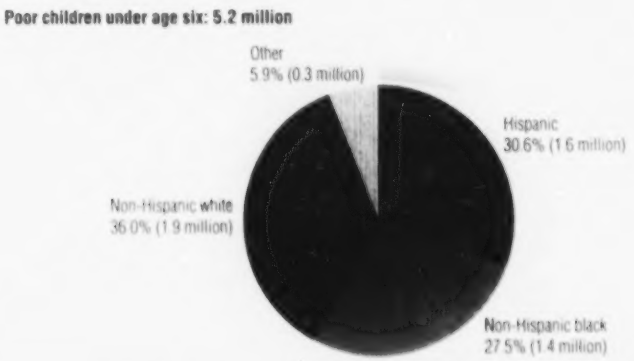

**But racial differences in young child poverty rates have narrowed.**

In recent years we have seen a convergence of poverty rates between black and Hispanic young children. By 1997, the poverty rates of the two groups were nearly identical. Since 1993 the YCPR has declined more rapidly among blacks (22 percent) than among whites (19 percent) or Hispanics (14 percent).

**Whites remain the largest racial or ethnic group of young children in poverty.**

The plurality of the 5.2 million poor children under age six in 1997—1.9 million (36 percent)—were non-Hispanic white, while 1.4 million were non-Hispanic black (27 percent), 1.6 million were Hispanic (31 percent), and 0.3 million (5 percent) were members of other racial or ethnic groups. (See Figure 5.) The proportion of blacks among all poor young children has decreased considerably since 1993 while there has been a corresponding increase among Hispanics.

**Figure 5: Number and percentage distribution of poor children under age six by race/ethnicity, 1997**



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**Poverty rates are highest in urban areas, but a substantial majority of poor young children live in suburban or rural areas.**

Over the past few years, the poverty rate among children under age six in urban areas approached that among those in rural areas. In 1997, the rate dipped to 30 percent among urban young children, which was just a few percentage points above that among rural young children, (26 percent). In contrast, the rate among young children in suburban locations was substantially lower at 16 percent. (See Figure 6.) Of the 5.2 million young children in poverty, a majority—60 percent—lived outside of urban locales. A combined 3.1 million young children lived in either suburban (1.9 million or 37 percent) or rural (1.2 million or 23 percent) areas, while 2.1 million (40 percent) lived in urban areas. (See Figure 7.)

**Figure 6: Poverty rates of children under age six by type of residential area, 1975–1997**

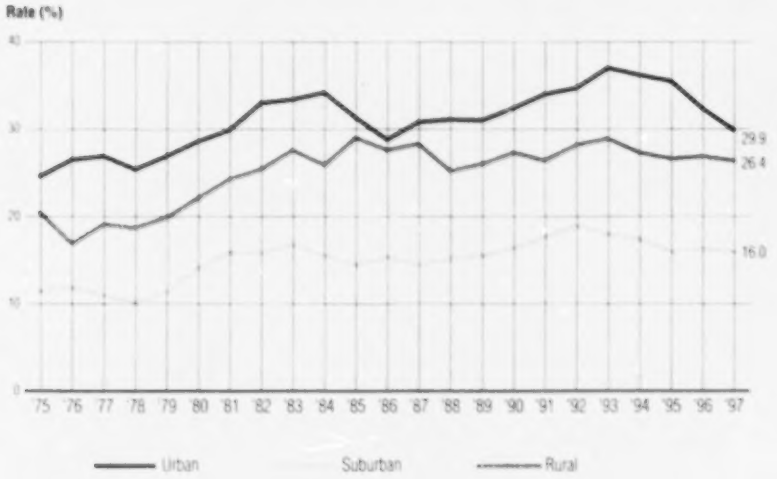
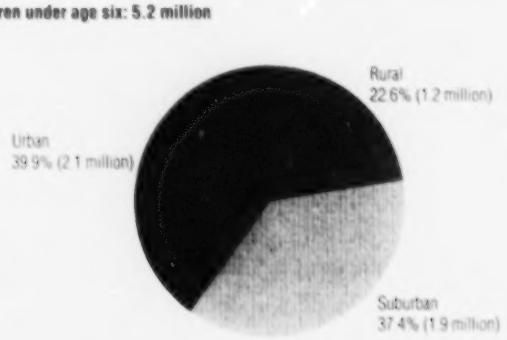



**Figure 7: Number and percentage distribution of poor children under age six by type of residential area, 1997**



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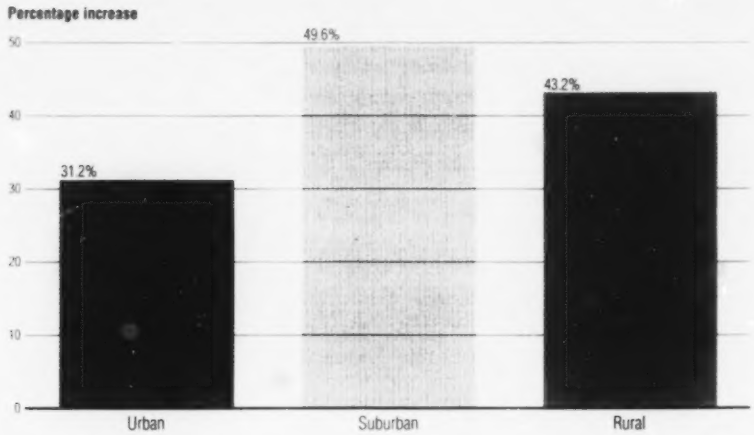
**The young child poverty rate has risen fastest in suburban areas.**

Suburban young child poverty grew at a much faster pace between the late 1970s (1975-1979) and the mid-1990s (1993-1997) (50 percent) than did either urban (31 percent) or rural young child poverty (43 percent). (See Figure 8.) More recently, between 1993 and 1997, the YCPR declined nearly twice as fast in urban areas (19 percent) as in rural (9 percent) or suburban (11 percent) areas.

**Figure 8: Percentage increase in the young child poverty rate by type of residential area, between 1975 to 1979 and 1993 to 1997**



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## The Determinants of Young Child Poverty

**A young child's risk of experiencing poverty depends very much upon several factors. This update highlights three factors that can deal a crushing blow to the economic viability of a family:**

- **Single parenthood**
- **Low educational attainment**
- **Part-time or no employment**

**Young children living with single mothers are much more likely to be poor than are those living with both parents.**

In 1997, children under age six living with single mothers were five times as likely to be poor (56 percent) as were those living with both parents (11 percent). Young children living with single fathers were two and one-half times as likely to be poor (28 percent) as those living with two parents. Nonetheless, one-third of all poor young children live with both parents (33 percent, 1.7 million). More than half of poor children under age six lived only with their mothers (57 percent, 3.0 million). Six percent (0.3 million) lived with only their fathers. (See Table 1.)

**Table 1: Number and percentage of poor young children, and poverty rates of children under age six by family structure, 1997**

| Family structure | All children under age six | Poor children under age six | | Poverty rate |
|---|---|---|---|---|
| | Number | Number | % | % |
| Living with two parents | 16,556,102 | 1,737,058 | 33.4 | 10.5 |
| Living with father only | 1,121,078 | 311,166 | 6.0 | 27.8 |
| Living with mother only | 5,347,459 | 2,968,671 | 57.1 | 55.5 |
| Living with neither parent | 571,930 | 181,817 | 3.5 | 31.8 |

**Even young children living with employed single mothers are subject to high rates of poverty.**

The poverty rate among young children living with single mothers who were employed full-time was cut by three-quarters in 1997 compared to the rate among those with mothers employed part time. Nonetheless, one in six children under age six (16 percent) living with single mothers who were employed full time were poor. Part-time employment was not enough to raise most young children out of poverty—63 percent of young children living with single mothers who worked part time were poor. Children under age six living with unemployed parents had extremely high poverty rates, whether in two-parent families (74 percent) or in mother-only families (81 percent). (See Table 2.)

Poverty was relatively rare (at a rate of 6 percent) among children under age six in two-parent families in which at least one parent worked full time. In contrast, one in three (35 percent) young children were poor among those living in two-parent families with at least one parent employed part time but neither employed full time. (See Table 2.)

**Table 2: Percentage distribution, number, and poverty rates of all children under age six by family structure and parental employment status, 1997**

| Family structure and parental employment status | All children under age six | | Poverty rate |
|---|---|---|---|
| | Percentage distribution | Number (in millions) | % |
| **Two-parent families** | **100.0** | **16.5** | **10.5** |
| At least one parent employed full time | 87.2 | 14.4 | 6.2 |
| At least one parent employed part time (neither employed full time) | 11.4 | 1.9 | 35.3 |
| Neither employed | 1.2 | 0.2 | 73.9 |
| **Mother-only families** | **100.0** | **5.3** | **55.5** |
| Employed full time | 28.2 | 1.5 | 15.9 |
| Employed part time | 39.7 | 2.1 | 63.4 |
| Not employed | 32.1 | 1.7 | 80.7 |

**A college degree has been associated consistently with extremely low rates of poverty.**

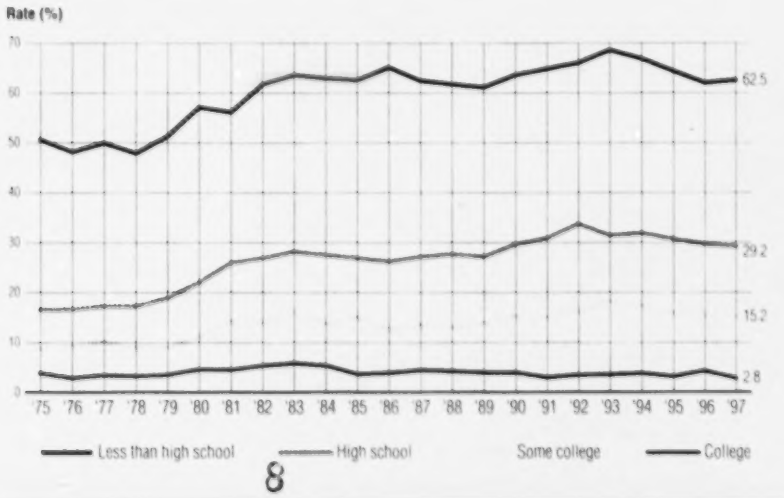
The poverty rate in 1997 among children under age six whose better-educated parent earned a college degree was only three percent. This poverty rate has risen by only 5 percent over the past two decades.

Whether it is the actual college degree or the greater human and financial assets of those who attend college, parents who have obtained a college degree have fared far better than their less-educated counterparts and their children have not been subject to the dramatically increasing rates of poverty experienced by children in families with less formal education.

**Young children whose parents lack college degrees are increasingly likely to be poor.**

Between 1975–1979 and 1993–1997, the poverty rate among young children whose better-educated parent had less than a high school degree increased by 31 percent. The corresponding increase was 77 percent for those whose better-educated parent had a high school degree and 78 percent for those whose better-educated parent had only some college. (See Figure 9.)

**Figure 9: Poverty rates of children under age six by educational level of more educated parent, 1975–1997**



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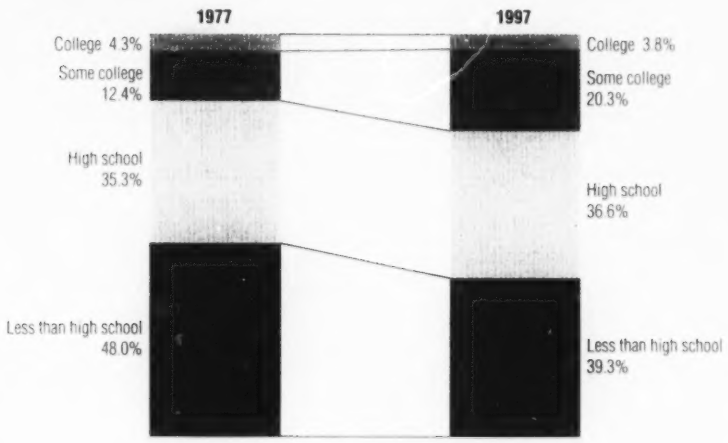
The proportion of poor young children whose more-educated parent did not graduate high school declined between 1977 and 1997, from 48 percent to 39 percent. In contrast, the proportion whose more-educated parent had some college education but did not graduate increased by almost two-thirds during this time period, from 12 percent to 20 percent. (See Figure 10.) This fact reflects both a large increase in the number of young children with parents who have some college education (from 4.10 to 6.69 million) and a simultaneous upsurge in the poverty rate for young children with parents in this category. However, the poverty rate for young children whose parents did not complete high school grew more modestly, while the number of all children in this category actually declined during the 20-year time span (from 3.21 million to 3.15 million).

**Figure 10: Percentage distribution of poor children by educational attainment of more-educated parent, 1977 and 1997**




**Young children whose parents have high school degrees are often unprotected against poverty.**

Nine percent of children under age six whose more educated parent had more than a high school education were poor, as opposed to 29 percent among those whose more-educated parent just graduated from high school and had no further education. Almost two-thirds (63 percent) of young children who had no parent with a high school degree were poor. (See Table 3.)

**More educated parents are substantially more likely to be employed full time.**

In 1997, 83 percent of children under age six in families whose more educated parent had more than a high school education, had at least one parent who held a full time job. The poverty rate for this group was just three percent. The corresponding figure among children under age six whose more educated parent was a high school graduate and had no further education was 65 percent. The poverty rate for this group was 12 percent. (See Table 3.)

Well under half (39 percent) of children under age six in families whose parents did not finish high school lived in homes where at least one parent worked full time. The poverty rate for this group was 34 percent. (See Table 3.)

**Table 3: Percentage distribution, number, and poverty rates of all children under age six by parental educational level and employment status, 1997***

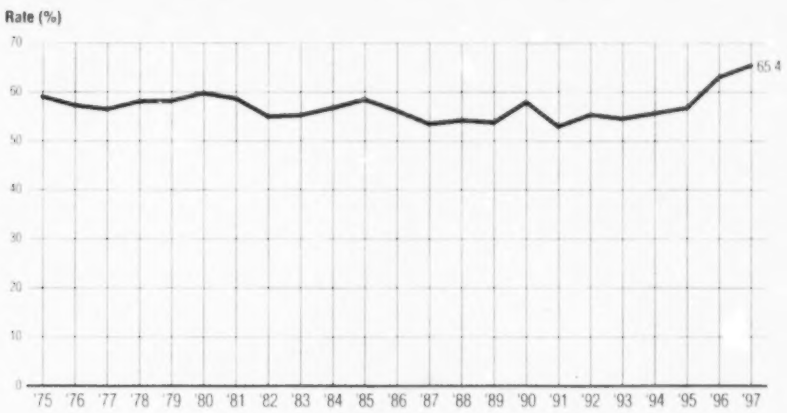
| Educational level of more educated parent and employment status | All children under age six | | Poverty rate |
|---|---|---|---|
| | Percentage distribution | Number (in millions) | % |
| **Less than high school** | **100.0** | **3.2** | **62.5** |
| At least one parent employed full time | 38.7 | 1.2 | 33.9 |
| At least one parent employed part time (neither employed full time) | 32.3 | 1.0 | 75.4 |
| Neither employed | 29.0 | 0.9 | 85.0 |
| **High school graduate and no further education** | **100.0** | **6.3** | **29.2** |
| At least one parent employed full time | 65.1 | 4.1 | 12.0 |
| At least one parent employed part time (neither employed full time) | 23.8 | 1.5 | 55.1 |
| Neither employed | 11.1 | 0.7 | 78.6 |
| **More than high school** | **100.0** | **13.6** | **8.9** |
| At least one parent employed full time | 83.1 | 11.3 | 2.7 |
| At least one parent employed part time (neither employed full time) | 13.2 | 1.8 | 32.0 |
| Neither employed | 3.7 | 0.5 | 72.7 |

* The sum of the products of the number of children and corresponding poverty rate does not add up to 5.2 million because children living with neither parent are omitted.

**Nearly two-thirds of poor young children live in families in which at least one parent is employed.**

Virtually two out of three poor young children (65 percent) had at least one employed parent, a figure that is higher than that at any time in more than 20 years. (See Figure 11.) Since 1993, the proportion of poor young children in working families has increased by 20 percent.

**Figure 11: Percentage of poor young children in families with at least one parent employed part time or full time, 1975–1997**




**Welfare recipiency among poor young children has fallen sharply.**

The proportion of poor children under age six who lived in families receiving public assistance was 36 percent in 1997, a substantial decrease from 53 percent in 1993. Only one out of six (17 percent) poor young children lived in families relying exclusively on public assistance.



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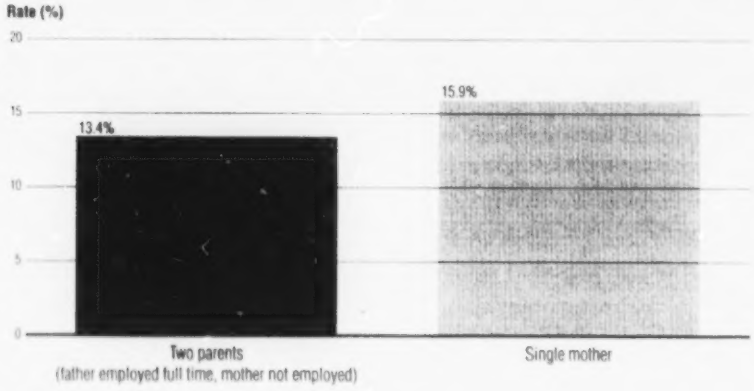
**Many young children are poor, despite having a parent employed full time.**

The poverty rate among children under age six living with single mothers who worked full time was 16 percent in 1997. The comparable figure among children under age six living in two-parent families in which the father worked full time and the mother was not employed, was 13 percent. (See Figure 12.)

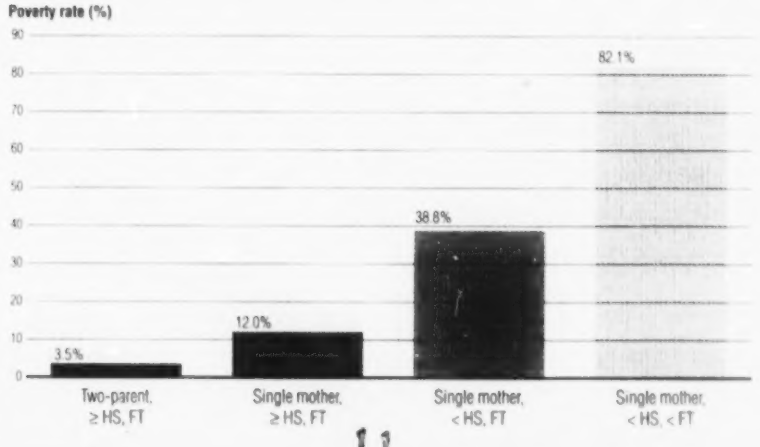
**Figure 12: Poverty rates of children under age six in families with one full-time employed parent, by family type, 1997**




**The cumulative effects of risk factors are dramatic.**

The powerful combination of single motherhood, relatively low educational attainment, and less than full-time employment results in extremely high poverty rates. Only 3 percent of young children in two-parent families in which at least one parent has at least a high school degree and is employed full time were poor in 1997. However, the corresponding rate among children in single-mother families (employed full time and similarly educated) was 12 percent. Among children in single-mother families in which the mother was employed full time but did not have a high school degree, the YCPR was 39 percent. Eighty-two percent were poor among those children in families subject to all three risk factors—single motherhood, less than a high school education, and part-time or no employment. (See Figure 13.)

**Figure 13: The cumulative effects of risk factors on the economic well-being of young children, 1997**





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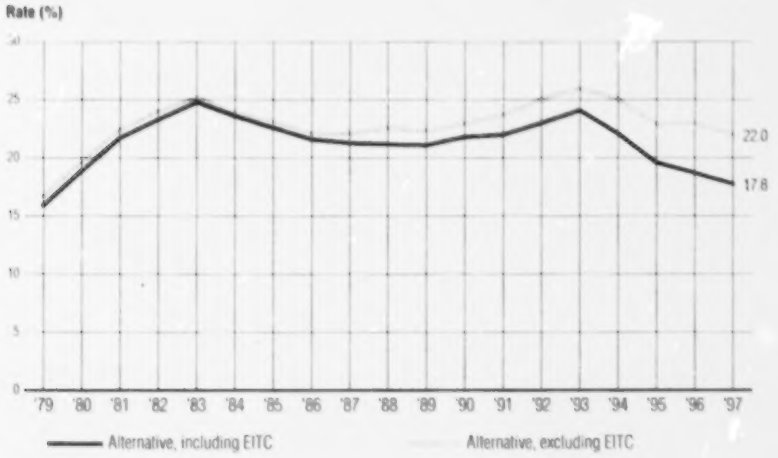
## Alternative Poverty Measures: Assessing the Impact of Programs and Policies

NCCP's previous statistical update included several analyses using an alternative measure of poverty. The current update again includes certain key analyses using the same alternative measure of poverty.* Most notably NCCP found that between 1996 and 1997 the overall YCPR declined by an almost identical amount using either the alternative measure—from 19 to 18 percent—or the official measure—from 23 to 22 percent. In 1997, the gap between the official and alternative measures remained at 4 percentage points after steadily widening from 1994 to 1996 due to the phasing in of an expanded federal Earned Income Tax Credit (EITC).

**The Earned Income Tax Credit offers dramatic benefits for the working poor population.**

Using our alternative measure of poverty, NCCP also finds more evidence that the EITC has made substantial inroads in improving the economic well-being of children in working poor families.** The expansion of the EITC since 1993 has resulted in that tax policy becoming an enormously effective tool against poverty today. In 1997, the alternative young child poverty estimate would have been about one-quarter (24 percent) higher in the absence of the EITC. (See Figure 14.)

**Figure 14: A comparison of poverty rates for children under age six using alternative measures of poverty with and without the EITC, 1979–1997**




* The Census Bureau counts the following kinds of income in determining who should be considered poor: wages and salary, nonfarm and farm self-employment, TANF and general assistance, Social Security, Supplemental Security Income, unemployment compensation, worker's compensation, veterans' payments, interest, dividends, rent, survivor's income, disability, retirement income, child support, education benefits, and financial assistance payments. The alternative measure incorporates all the types of income that the Census Bureau does, but in addition incorporates the following near-cash benefits: Food stamps, housing subsidies, and school lunch benefits. The measure further includes the Earned Income Tax Credit (EITC), and subtracts federal, state, and payroll taxes.

** The Census Bureau imputes the EITC for all individuals in the Current Population Survey and assumes that all those who are eligible for the credit actually obtain it. Thus, any CPS analysis using a measure that incorporates the EITC should be interpreted as addressing the potential, and not necessarily actual, impact of the EITC. In 1990, the estimated participation rate was 80 to 86 percent (Scholz, J. K. (1994). The Earned Income Tax Credit: Participation, compliance, and antipoverty effectiveness. *National Tax Journal*, 47(1), pp. 63–87.) According to Professor Scholz and the Center on Budget and Policy Priorities, the participation rate is believed to have increased since 1990 in response to awareness campaigns and due to the fact that the potential amount of credit has grown and eligibility for the credit has expanded to higher income groups.



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**More policy sensitive measures of poverty need to be developed and used.**

Although the official poverty measure plays an invaluable role in tracking poverty levels and trends in the United States, it is flawed in several ways. The official measure includes wages and salary, public assistance benefits, social security, child support payments, and most other forms of income but does not reflect the impact of several key programs and policies that affect the lives of low-income families. For example, it does not account for the impact of federal, state, and local taxes. It neglects work-related expenses, such as child care or transportation costs. Medical care costs are also omitted and it does not address any geographic variation in the cost of living—variation that is clearly substantial. The official measure also overlooks the antipoverty effects of important policies and programs such as food stamps and the EITC.

There have been significant recent efforts that have attempted to improve upon the official poverty measure, most notably that of the National Research Council's Panel on Poverty and Family Assistance. Currently, the United States Bureau of the Census is developing a series of experimental measures that will address many of the concerns policymakers and scholars have had with respect to the deficiencies apparent in the official measure. NCCP will continue to play an active role in the creation, analysis, and use of new measures of poverty that will better reflect the actual economic burdens and resources of low-income families.

Ultimately, more sensitive measures of child poverty will only be valuable if they are used by policymakers and other leaders in the public and private sectors to help reduce the incidence of child poverty and improve the economic well-being of America's far too large population of young children living in poverty.


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The National Center for Children in Poverty was established in 1989 at the School of Public Health, Columbia University, with core support from the Ford Foundation and the Carnegie Corporation of New York. The Center's mission is to identify and promote strategies that reduce the number of young children living in poverty in the United States, and that improve the life chances of the millions of children under age six who are growing up poor.


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